

Message Text

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PAGE 01 LISBON 05516 170839Z

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SUBJ: DECREE-LAW TO GOVERN EMPLOYERS' ASSOCIATIONS

REF: (A) LISBON 5266; (B) LISBON 5500; (D) LISBON A-135

1. IN EARLY DECEMBER THE GOP PROMULGATED DECREE-LAW 695/74 WHICH GIVES EMPLOYERS THE LEGAL RIGHT TO ESTABLISH ASSOCIATIONS "TO DEFEND AND PROMOTE THEIR BUSINESS INTERESTS." THE ASSOCIATIONS ARE THEN LEGALLY PERMITTED TO FORM LARGER GROUPINGS SUCH AS FEDERATIONS OR CONFEDERATIONS. BOTH TYPES OF ORGANIZATIONS MAY AFFILIATE THEMSELVES WITH INTERNATIONAL GROUPS.

2. THE DECREE-LAW PROVIDES FOR SEVERL BROAD REGULATIONS TO GOVERN THESE GROUPINGS. AMONG THE MOST IMPORTANT ARE THE FOLLOWING:

A) EMPLOYERS ARE DEFINED AS ANY PERSON OR FIRM WHO "HABITUALLY" EMPLOYES WORKERS.

B) THE ASSOCIATIONS CAN ADOPT THEIR OWN BY-LAWS GOVERNING DIRECTORS, ELECTIONS, ACTIVITIES, ETC. SUCH BY-LAWS MUST "RE-

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PAGE 02 LISBON 05516 170839Z

SPECT THE PRINCIPLES OF DEMOCRATIC MANAGEMENT."

C) THE ASSOCIATIONS ARE PERMITTED TO PROVIDE SERVICES TO THEIR MEMBERS AND TO CREATE INSTITUTIONS FOR THIS PURPOSE; THEY MAY NOT PRODUCE GOODS OR SERVICES FOR PROFIT.

D) THE ASSOCIATIONS HAVE THE RIGHT TO DISCIPLINE THEIR MEMBERS. SERIOUS SANCTIONS SUCH AS EXPULSION MAY BE APPEALED TO THE COURTS.

E) AN ANNUAL REPORT ON THE NUMBER OF MEMBERS AND THE SIZE OF EACH MEMBER'S WORK FORCE MUST BE MADE TO THE MINISTRY OF LABOR. INCORPORATION ARTICLES AND BY-LAWS MUST BE DEPOSITED WITH THE MINISTRY OF LABOR.

3. COMMENT: DECREE-LAW 695/74 IS ANOTHER OF THE SERIES OF KEY LAWS THROUGH WHICH THE GOP IS ATTEMPTING TO REGULATE AND STABILIZE RELATIONS BETWEEN MANAGEMENT AND WORKERS. THE OTHER THREE ARE THE STRIKE/LOCKOUT LAW (PROMULGATED), THE UNION ORGANIZATION LAW (IN DRAFT) (SEE REF C), AND THE COLLECTIVE BARGAINING DECREE (UNDER DISCUSSION). THE LEAST CONTROVERSIAL OF THE THREE, THE EMPLOYERS' ORGANIZATION DECREE LEGALIZES ALREADY EXISTING EMPLOYERS' ASSOCIATIONS AND UP-DATES SOME PRE-APRIL 25 LEGISLATION WHICH GOVERNED THEM. TAKEN BY ITSELF DECREE-LAW 695/74 SHOULD BE REASSURING TO BUSINESSMEN. IT TELLS THEM THAT AT LEAST IN ONE ASPECT OF THEIR ACTIVITIES-EMPLOYERS' ORGANIZATIONS--THERE WILL BE NO RADICAL CHANGE IN THE SHORT RUN. ANY REASSURANCE, HOWEVER, MAY BE DROWNED OUT BY APPARENTLY CONTRADICTORY SIGNALS EMITTED BY THE GOVERNMENT, SUCH AS THE LAW ON INTERVENTION IN PRIVATE ENTERPRISES (SEE REFTEL A) AND THE NEW BANKING LAWS (SEE REFTEL B).

4. A LARGE EMPLOYERS ASSOCIATION, THE PORTUGUESE INDUSTRIAL CONFEDERATION (CIP), ALREADY EXISTS AND IS FLOURISHING. THE CIP CLAIMS TO REPRESENT MORE THAN 75 PERCENT OF PORTUGAL'S 47,000 MANUFACTURING, TOURISM, COMMERCIAL, TRADING AND SERVICE FIRMS. REPRESENTATIVES OF THE CIP EXECUTIVE COMMITTEE VOICED NO PROBLEMS WITH DECREE 695/74.
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